Karnataka State Government has done away with the use of stamp papers, both judicial and non-judicial, with effect from 01.04.2003. Government of Karnataka is collecting the stamps fees of less than Rs. 500/- in cash and of more than Rs. 500/- either through demand draft or through Bank Challans, as alternatives to use of stamp papers.

Increased in REPO and CRR rates

985. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has decided to raise Repo and CRR rates for banks' lending leading to increase in the rate of interest on lending by banks;

(b) if so, details thereof; and

(c) what will be its impact on inflation and economic growth?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) On review of the current liquidity situation, Reserve Bank of India in its First Quarter Review of Annual Monetary Policy for the year 2007-08, decided to increase Cash Reserve Ratio (CRR) of scheduled commercial banks by 50 basis points from 6.50% to 7.00% of their net Demand and Time liabilities (NDTL) with effect from the fortnight beginning 4th August, 2007. However, RBI has kept the Repo Rate and Reverse Repo Rate unchanged at 7.75% and 6.0% respectively. The CRR does not have linear impact on the rates of interest, which are also affected by other factors like Bank Rate, Repo Rate, cost of funds, operating expenses, transaction cost, risk, etc. The interest rates are determined by the banks themselves with the approval of their Board of Directors after taking into consideration the above factors, in a transparent manner.

(c) The overall stance of monetary policy in the period ahead, *inter-alia*, is to reinforce the emphasis on price stability and well-anchored inflation expectations while ensuring a monetary and interest rate environment that supports export and investment demand in the economy so as to enable continuation of the growth momentum, greater credit penetration and financial inclusion, etc.

Protection of Senior Citizens savings

986. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have any plans with the objective of protecting the savings of Senior Citizens by giving them a decent return on their deposit as increased by all the banks; and

(b) if so, the details thereof?